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FISCAL IMPACT STATEMENT

LS 6695

BILL NUMBER: SB 191

NOTE PREPARED: Dec 28, 2008

BILL AMENDED:

SUBJECT: Alternative Placements for Certain Students.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill allows a school corporation that determines it cannot serve a student because of the student's disruptive behavior or frequent unexcused absences to place the student in another setting. The bill provides that if the other setting is in another school corporation or a nonpublic school, the school corporation in which the student has legal settlement must pay the student's tuition. The bill sets a cap on the amount that the school corporation may expend for tuition for the student.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary:* Two scenarios within the bill could affect school corporation expenditures. The two scenarios would involve a school placing their disruptive student in either:

- (1) another public school in another school corporation, or
- (2) a nonpublic school.

The maximum tuition a public school or private school can charge is the transfer tuition as calculated in IC 20-26-11-13(b). Transfer tuition is calculated by determining the cost of educating the student for the portion of the year the school educates the student minus state and local funding the school receives for the student. If either type of transfer occurred before the ADM count day in September, the removing school corporation (known as "A") would pay to the receiving school corporation (known as "B") an amount not exceeding

school “B’s” operating costs to educate the student less school “B’s” regular program tuition support (regular support) for the student. However, if the transfer occurred after the count date, school “A” would be required to pay all of school “B’s” cost to educate the student but school “A” would count the student in their ADM and would receive regular support for the student.

Background and Examples of Transfer Tuition:

Example 1- School corporation “A” removes a student before the ADM count date to school corporation “B” that has regular formula revenue of \$5,000 per student. School corporation “B” agrees to take the student and determines it would cost \$4,800 to educate the student. School Corporation “A” would pay \$0 to school corporation “B” because the cost to educate at school “B” (i.e., \$4,800) is less than “B’s” formula revenue for the student (i.e., \$5,000).

Example 2- School corporation “A” removes a student before the ADM date and sends that student to school corporation “B”, which has a regular formula revenue support of \$5,000 to educate that student. School corporation “B” determines an educational cost of \$5,500 for the student. Under the bill, school corporation “A” would pay school corporation “B” \$500 ($\$5,500 - \$5,000$) to take the student.

Example 3- School corporation “A” removes a student after the ADM count date and sends that to school corporation “B”, school “A” would be required to pay school “B” the entire educational cost for the student. If “B’s” cost was \$6,000, then school “B” would receive \$6,000 from school “A”. If school “A” receives \$5,800 per student in regular formula revenue then school “A” net cost would be \$200 ($\$6,000 - \$5,800$).

Example 4- School corporation “A” removes a student before the ADM date and sends that student to private school “C”. Private school “C” determines an educational cost of \$5,500 for the student. Under the bill, school corporation “A” would pay school corporation “B” \$5,500 to take the student.

Example 5- School corporation “A” removes a student after the ADM count date and sends that to private school corporation “C”, school “A” would be required to pay school “C” the entire educational cost for the student. If “C’s” cost was \$6,000, then private school “C” would receive \$6,000 from school “A”. If school “A” receives \$5,800 per student in regular formula revenue then school “A” net cost would be \$200 ($\$6,000 - \$5,800$).

However, if corporation “B” or private school “C” determines that a student they are receiving would have to be offered a special program (such as special education, vocational education, at-risk factors), the costs associated with educating this student would be higher than with just standard education.

Regular Support- For school year 2008, 99% of school corporations have regular support per average daily membership (ADM) ranging from \$4,845 to \$8,350. The average regular support per ADM for school year 2008 is about \$5,530.

Expulsions and Alternative Schools- For school year 2007 there were 5,905 students expelled from public schools and 417 students placed in alternative schools.

Explanation of Local Revenues: See *Explanation of Local Expenditures*.

State Agencies Affected:

Local Agencies Affected: School corporations.

Information Sources: DOE SAS and ORACLE DATABASES

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